Message Text

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E.O. 11652: N/A TAGS: ETRD, JA

SUBJECT: JAPANESE PRESS REPORTS ALLEGED FURTHER DEVELOPMENTS ON AUTO-IMPORT PROBLEM

1. SUMMARY: SEPTEMBER 2 YOMIURI SHIMBUN CARRIES TWO ARTICLES, ATTRIBUTED TO GOJ SOURCES, REPORTING THAT ADDITIONAL U.S. NOTE VERBALE AND MENTION OF POSSIBLE SECTION 301 ACTION HAS BEEN MADE THROUGH JAPANESE EMBASSY IN WASHINGTON. SECOND ARTICLE SAYS USEPA TAKES 6 TO 8 MONTHS TO CLEAR A VEHICLE AND THAT IT IS UNREASONABLE, THEREFORE, TO DEMAND MOT SHORTEN ITS PROCESS. MOFA HAS SAID IT CANNOT IDENTIFY SOURCE OF FIRST STORY BUT REGRETS ITS INACCURACIES; THEY HAVE NOT YET COMMENTED ON SECOND STORY WHICH WE BELIEVE IS A COMBINED MOT/NEWSPAPER REPORTER EFFORT. IF QUERIED, EMBASSY PLANS SAY WE HAVE HAD AUTO CONSULTATIONS IN PAST AND THAT TWO SIDES WILL CONTINUE CLOSE CONTACTS IN FUTURE. END SUMMARY.

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2. ON SEPTEMBER 2, YOMIURI SHIMBUN FRONTPAGED

TWO ARTICLES DEALING WITH U.S. AUTO IMPORT PROBLEM. LEAD ARTICLE CARRIES HEADLINE "U.S. MOVING TO RESTRICT IMPORTS OF JAPANESE AUTOMOBILES; IMPROVEMENT OF 'MODEL RECOGNITION SYSTEM' DEMANDED: WILL NOT DESIST FROM APPLYING TRADE ACT".

- 3. SAME ARTICLE ALLEGES THAT A "GOVERNMENT SOURCE" STATED ON SEPTEMBER ONE THAT "THE OFFICE OF STR AND THE U.S. AUTOMOBILE INDUSTRY ASSOCIATION, THROUGH THE JAPANESE EMBASSY IN THE U.S. HAS SENT TO THE FOREIGN MINISTRY A NOTE VERBALE CALLING FOR IMMEDIATE IMPROVEMENT OF THE COMPLICATED AUTOMOBILE MODEL RECOGNITION SYSTEM OF OUR COUNTRY FROM THE STAND THAT THEY ARE DISSATISFIED WITH THE SYSTEM." THE ARTICLE FURTHER STATES THAT "THE U.S. SIDE HAS UNOFFICIALLY TRANSMITTED ITS INTENTION OF NOT DESISTING FROM RESTRICTING IMPORTS OF JAPANESE CARS AS A RETALIATORY MEASURE BASED ON THE U.S. TRADE ACT, IF THE RESPONSE TO BE GIVEN BY THE JAPANESE GOVERNMENT DOES NOT ADVANCE FORWARD."
- 4. ARTICLE MENTIONS DESULTORY AUTO TALKS HELD IN TOKYO RECENTLY, MOT'S REJECTION OF U.S. REQUESTS AND CONTINUES.."UNDER SUCH CIRCUMSTANCES, THE AUTOMOBILE INDUSTRY ASSOCIATION REPRESENTING U.S. AUTOMOBILE INDUSTRY CIRCLES AND THE OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS, THROUGH THE EMBASSY IN THE U.S., HAVE RECENTLY SUBMITTED AGAIN TO THE JAPANESE GOVERNMENT A NOTE VERBALE N CALLING FOR SIMPLICATION OF THE MODEL RECOGNITION SYSTEM OF OUR COUNTRY AND THE SECURING OF RECOGNITION OF 77-MODEL CARS WITHIN 45 DAYS."

"ACCORDING TO THE SAME GOVERNMENT SOURCE, AT THAT TIME, THE U.S. SIDE TRANSMITTED ITS INTENTION OF NOT DESISTING FROM RESTRICTING IMPORTS OF JAPANESE CARS ON THE BASIS OF ARTICLE 301 (CLAUSE CONCERNING THE TAKING OF RETALIATORY MEASURES TOWARD A FOREIGN GOVERNMENT IN CASE IT EXTENDS DISCRIMINATORY TREATMENT TO U.S. TRADE) OF THE U.S. TRADE ACT, IF JAPAN DOES NOT AGREE TO THE PROPOSED LIMITED OFFICIAL USE

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IMPROVEMENT."

5. UNDER TITLE, "NO DIFFERENCE IN INSPECTION PERIOD FOR JAPANESE AND AMERICAN AUTOMOBILES", ATTRIBUTED DIRECTLY TO MOT SOURCES (MOTOR VEHICLE DEPT DIR INUMARU) SECOND ARTICLE EXPLAINS WHY '76 TYPE APPROVALS TOOK SO LONG, INDICATES THAT A "STRUCTURE HAS BEEN TAKEN FOR SHORTENING THE

INSPECTION PERIOD TO THREE MONTHS OR LESS" AND THAT "THIS POLICY HAS ALREADY BEEN FULLY EXPLAINED TO THE U.S. SIDE THROUGH THE FOREIGN MINISTRY." ARTICLE ACKNOWLEDGES U.S. SYSTEM OF SELF-CERTIFICATION OF SAFETY STANDARDS BUT STATES EPA TAKES FROM SIX TO EIGHT MONTHS TO COMPLETE ITS INSPECTION. CONSEQUENTLY "EVEN IF A NEW MODEL CAR IS TAKEN INTO THE U.S. FROM OUR COUNTRY, THERE IS THE SYSTEM THAT IT CANNOT BE SOLD WITHIN THE U.S. UNTIL SIX MONTHS LATER, AT THE EARLIEST...IT IS NOT REASONABLE TO DEMAND OF OUR COUNTRY THE ONE-SIDED SHORTENING OF THE INSPECTION PERIOD...".

6. IN REPLY TO OUR QUERY, THE MOFA (2ND N.A. DIVISION) STATED THEY COULD NOT IDENTIFY THE "EXACT SOURCE" OF THE FIRST ARTICLE BUT IT APPEARED TO BE A "PATCHWORK" FROM SEVERAL SOURCES. MOFA ADMITTED ITS INACCURACIES AND EXPRESSED REGRET FOR THE ARTICLE. THEY HAVE ANSWERED FURTHER INQUIRIES INFORMALLY BY SAYING THERE HAVE BEEN CONSULTATIONS: I.E., YEUTTER, AND THAT CLOSE CONTACTS WILL CONTINUE, BUT THERE HAS BEEN NO NEW NOTE FROM THE U.S. SIDE NOR HAVE WE SAID WE WILL APPLY SECTION 301. THE MOFA HAS NOT YET COMMENTED ON THE SECOND ARTICLE BUT WE BELIEVE IT TO BE A MOT REPLY TO THE FIRST EMBELLISHED SOMEWHAT BY A REPORTER'S WRITING. IF CONTACTED BY THE PRESS WE PLAN TO SAY THAT THE AMOUNT OF TIME IT TAKES TO TYPE APPROVE A VEHICLE HAS BEEN DISCUSSED WITH THE GOJ AND THAT WE WILL CONTINUE TO CONSULT OVER THIS AND OTHER AUTO IMPORT RELATED PROBLEMS. IF QUERIED SPECIFICALLY ABOUT EPA, WE PLAN TO SAY WE UNDERSTAND THE CLEARANCE TAKES ONE WEEK. SHOESMITH LIMITED OFFICIAL USE

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